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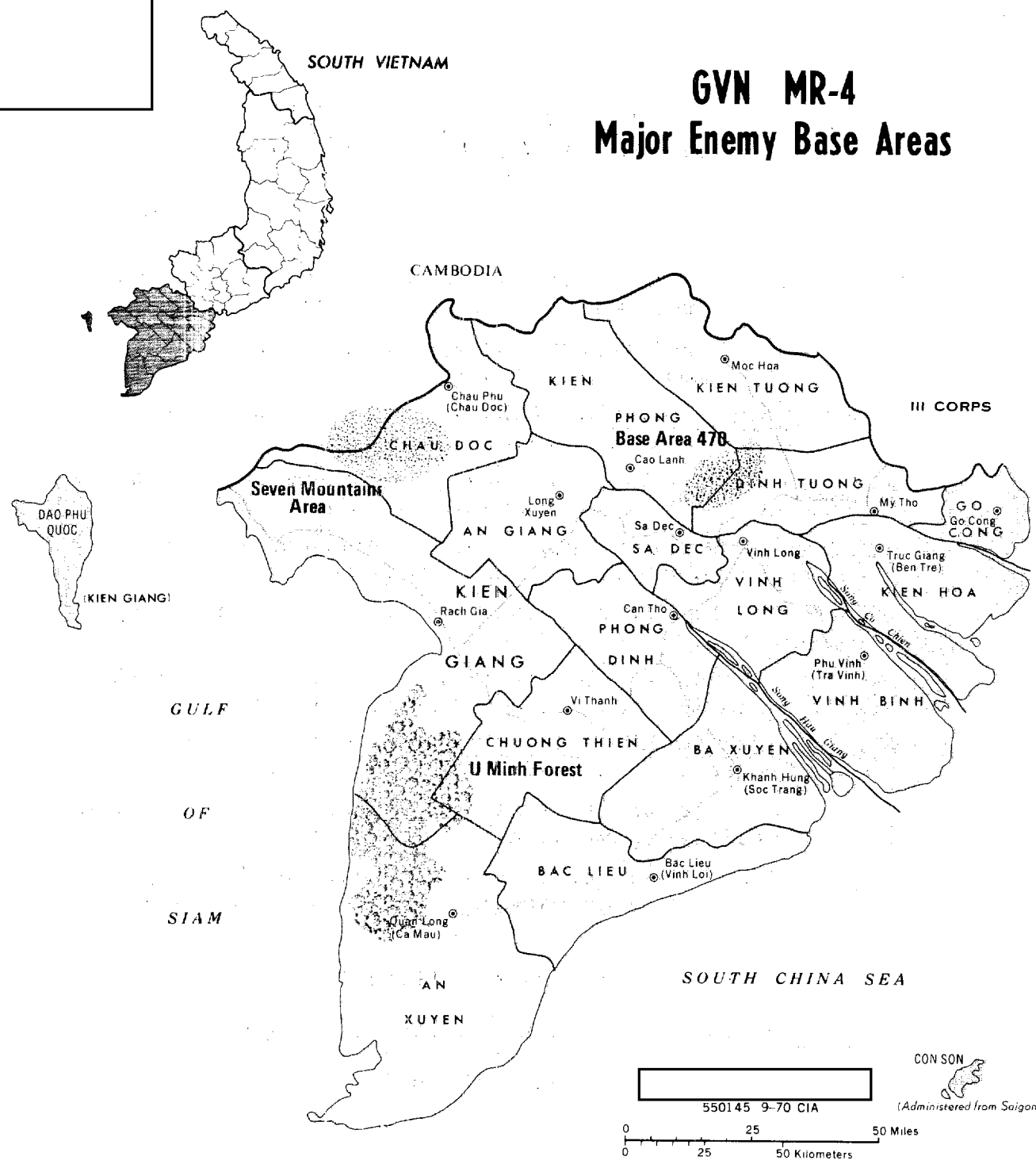
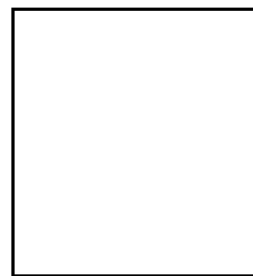
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GVN MR-4 Major Enemy Base Areas



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SOUTH VIETNAM: [The South Vietnamese Army (ARVN) has begun its new offensive operations against long-time Communist base areas in the delta provinces.]

[Senior officers of the ARVN 7th and 9th divisions recently reported that they have already begun implementing some of the aggressive tactics of the new Military Region 4 commander General Truong. Employing Truong's fire support base concept, two regiments of the 7th Division have been tasked with the establishment of permanent positions deep within the Communists' Base Area 470 in the swampy region of western Dinh Tuong and eastern Kien Phong provinces. In Chau Doc Province, the 9th Division has also dispatched upwards of three regiments into the inhospitable Seven Mountains area with the objective of driving the North Vietnamese 18B Regiment and supporting units from this key enemy safehaven on the South Vietnamese - Cambodian border.]

[Although the enemy's forces are not up to full combat strength and food and supply shortages have increased in recent months, the terrain offers a defensive advantage for the enemy. The South Vietnamese commanders, including General Truong, acknowledge that these operations will be costly, but believe that aggressive operations will boost the morale of government forces in the area.]

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UN-JORDAN: [The UN Relief and Works Agency (UNRWA) reports that 25 percent of all dwellings in the largest refugee camp in the Amman area were damaged beyond repair during the recent fighting, and the rest suffered some damage.]

[UNRWA estimates that it will cost \$2 million to provide adequate shelter for the Amman camps. It believes that the situation is not as serious at camps it has not yet visited. For replacement of equipment and repair of schools and other installations in Jordan, UNRWA estimates it will need about \$1 million. These expenses would accentuate UNRWA's chronic deficit and would almost exhaust its cash reserves.]

[Secretary General Thant in August issued a special UNRWA report that contains a request for an additional \$5 million to sustain the agency. Members of the UN generally have been unresponsive to such appeals, and debate at the current General Assembly session will probably be acerbic and unproductive. Concern has been expressed over the ability of the fedayeen to use the camps--and, implicitly, UNRWA services--to further their cause. Another uproar may ensue because UNRWA has pointed out in the report that refugees made homeless by the Jordanian conflict could occupy the UNRWA housing vacated when refugees fled the Israeli-held West Bank territory in 1967.]

[A Jordanian Government official is considering the feasibility of assuming much greater control over camp operations, a move which could relieve UNRWA of some of its financial and other problems. Heretofore, Arab host governments have not wanted to move in this direction, viewing any diminution in UNRWA's role as de facto recognition that the Palestinians will not return to their

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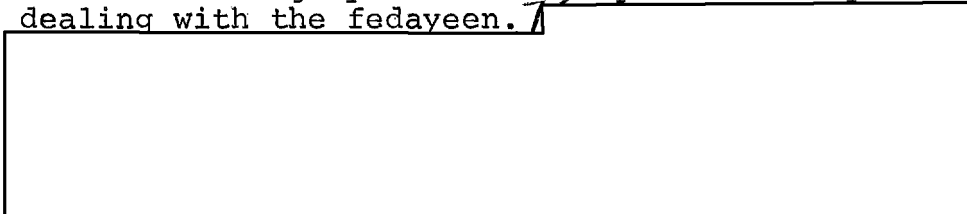
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homeland. Moderate Arab states are working with Amman on means to provide assistance to the refugees and may now favor a strong assertion of Jordanian sovereignty over the camps as one way of dealing with the fedayeen. A



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EAST GERMANY - BERLIN: The East Germans have moved up a notch their war of nerves against civilian travelers between West Germany and West Berlin.

The actions taken so far have been intermittent and seem intended more to engender a nervous atmosphere than to interfere seriously with access to the city. Such actions also appear designed to influence the four-power talks on Berlin, where access is a key issue under discussion, by calling attention to East German interests in any settlement.

East German officials, citing military "maneuvers," are telling barge captains that river traffic to the city will be closed off and on until 8 October. Highway travelers report that they too have been told to expect delays, and according to press reports, the East Germans closed the Berlin-Helmstedt autobahn for 15 minutes yesterday.

In the past, military maneuvers in East Germany have resulted in temporary closures of some access routes to West Berlin; this time they may be in response to troop movements accompanying the forthcoming Warsaw Pact "Comrades-in-Arms" exercise.

Bus traffic was also subjected to unusual delays of up to five hours for three days last week, ostensibly because of "personnel shortages" at East German control points. Nevertheless, the number of persons refused transit to or from West Berlin during the last three months is only slightly above the total for a comparable period last year, and it does not seem that a period of major harassment is in the offing.

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AUSTRIA: Sunday's parliamentary by-elections in Vienna gave Chancellor Kreisky's minority Socialist government a little more breathing room, but it still faces a tough budget fight later this month.

The by-elections were required as a result of a right-wing extremist party's fraudulent activity in the national elections last March. The Socialists have now captured one seat from their main opponents, the People's Party, but are still one short of a majority.

Kreisky's budget problem is to keep the deficit near last year's level, while providing promised tax relief and additional funds for such programs as education and pensions. Whatever formula Kreisky produces, he can anticipate a strong People's Party attack, and the debate will constitute his government's first major test in parliament.

Kreisky's post-election statement suggests that the Socialists received a psychological boost; he has even threatened new elections should his budget fail. The People's Party, by way of contrast, is in some disarray, having failed in its unaccustomed role of opposition to find a unifying force for its heterogeneous elements--farmers, labor, and business. The party received an additional blow, also on 4 October, when the Socialists cut into its majority in provincial elections in the Tyrol.

The elections possibly have relegated to the back burner the thoughts the Socialists once entertained of trying again to form a "grand coalition" with the People's Party. The head of the small Liberal Party, on the other hand, suggested after the elections that Kreisky can win Liberal support for his budget--if he is willing to deal.

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BOLIVIA: A military junta has assumed power, but forces backing General Juan Jose Torres could still provoke serious fighting.

Rallying troops that had remained loyal to President Ovando, Torres is contesting the takeover of the government by a junta composed of the commanders of the three services. Torres was removed as armed forces commander last July because of General Miranda's objections to his leftist tendencies. From his refuge at El Alto Air Force Base just outside La Paz, Torres yesterday demanded that he be recognized as the president of a "revolutionary government" to succeed Ovando. He also directed the bombing and strafing of the presidential palace that caused little damage but demonstrated that he could and would use force.

The junta was announced by General Miranda when he presented his resignation only hours after Ovando resigned. The junta consists of General Sattori and Admiral Albarracin, the commanders of the air force and navy, as well as General Efrain Guachalla, who apparently succeeds General Miranda as army commander. The officers have said that the junta will rule until a president can be selected, and they declared that elections will be held by the end of 1972. An all-military cabinet has been named, and the new government has indicated that it will not seek to retract actions taken by Ovando.

The junta apparently still hopes to negotiate a settlement with Torres, but plans are in effect to seize El Alto Air Force Base by force if necessary. The balance of military strength appears to be in favor of the junta, but labor and students have announced their support of Torres. If these civilian groups take to the streets, the outcome would be in doubt.

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BRAZIL-UK: [The purchase by Brazil of six frigates is the largest sale of military equipment to a developing country by Great Britain in recent years.]

[A high-level Brazilian delegation signed a contract in London last week for six frigates at a price of approximately \$240 million, according to press reports considered substantially correct by US military group officers in Brazil. The frigates are to be of a new "Mark-10" design and will have a very modern fire system. They will be armed with "Seacat" sea-to-air missile systems. In addition, the four that will be outfitted especially for combating submarines will carry anti-submarine missile systems. All components except US torpedoes will be British-designed.]

[Payment is to be made over eight years at 5 1/2 percent interest; a British firm reportedly has agreed to finance 80 percent of the price. The contract contains a provision whereby the Brazilian team that will supervise the construction may request modifications during the design period, which ends in 1972. The price, therefore, may be adjusted accordingly. Four of the ships will be built by Vosper Thornycroft's yards in Portsmouth. The other two will be built in Brazil with British technical assistance. Delivery of all is to be completed by 1979.]

[This purchase and contracts already signed with Great Britain for [] submarines and with West Germany for minesweepers represent the major share of the navy's purchases in the armed forces' modernization program. The air force's key purchase was [] supersonic Mirage fighters from France. The army is seeking primarily US equipment, although no purchases have been made.]

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JAMAICA: Continued labor strife has grown into a touchy political problem for Prime Minister Shearer.

A six-week-old labor dispute and occasional violence at an Alcoa bauxite site have led to a strike and a shutdown of construction operations. The conflict centers on a jurisdictional struggle between the country's two major unions--the Bustamante Industrial Trade Union (BITU), which is the labor arm of the prime minister's party, and the opposition National Workers Union (NWU).

Prime Minister Shearer, who is also president of the BITU, has assumed a partisan role in the dispute. A defeat of Shearer's Union would be a stinging political setback in a country where the two major parties, which are labor based, are so evenly matched. It would be especially embarrassing to Shearer, whose parliamentary constituency is the site of the difficulties. The BITU has used strong-arm tactics in the struggle, apparently fearing a representational poll of the workers.

The Alcoa management, which is now anti-BITU partly as a result of the violence instigated by the union, has shifted to a hard line. The company has sent personnel back to the US and an Alcoa official has suggested that the company is considering closing down operations permanently. The bauxite/alumina industry is of critical importance to the economy because it supplies half the nation's exports. Although Jamaican governments have traditionally been over-responsive to labor pressure, Shearer probably will now try to promote some compromise solution as long as he does not jeopardize his political position. The prime minister has been a moderate in his approach to foreign industry and has consistently worked to promote foreign investment.

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CENTRAL AFRICAN REPUBLIC - FRANCE: [President Bokassa has irritated his French patrons to the point where they are considering action to show their displeasure.]

[The CAR's current tiff with France began last July with the French ambassador's apparently unofficial denunciation of Bokassa's leftist foreign policy. Bokassa has replied in kind with spirited defenses of his policies and attacks on "neocolonialists." In September, he suddenly expelled 70 French agricultural advisers and then stripped the French ambassador of his deanship of the local diplomatic corps contrary to an agreement signed at the time of independence.]

[The French long ago adopted a detached and tolerant approach to the erratic Bokassa except when their interests were directly threatened, an attitude that has enabled Paris to weather numerous storms in the past. French officials realize that overreacting now would only jeopardize their commercial interests and worsen already difficult relations, but Paris apparently feels compelled to respond to Bokassa's latest anti-French moves. One proposed course, that of making no new aid commitments but continuing existing projects, has been approved and others are being examined. Any lasting shut-off in the CAR's largest source of aid would have a disastrous economic effect.]

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TUNISIA: [The continued absence of Prime Minister Ladgham, who is chairing the three-man Arab committee overseeing the Jordanian-fedayeen ceasefire, is delaying the projected governmental reorganization.]

[Early last month, President Bourguiba decided to replace Ladgham with another long-time associate, Minister of State for Economic Affairs Hedi Nouira. The change, which may involve other ministerial replacements, was slated for late last month when Nouira returned from the International Monetary Fund and World Bank meeting. The governmental shake-up had to be deferred, however, when Ladgham, who represented Bourguiba at the Arab summit hastily convened in Cairo to consider the Jordan crisis, was tapped to chair the peacekeeping mission.]

[Bourguiba is reported to be fretting at Ladgham's prolonged absence. The President not only wants to get on with the governmental change, but also has been annoyed by the favorable international publicity Ladgham has been receiving. An exceptionally vain man, Bourguiba does not easily share the limelight. He is reported to have sent word to Ladgham to return to Tunis as soon as diplomatically possible.]

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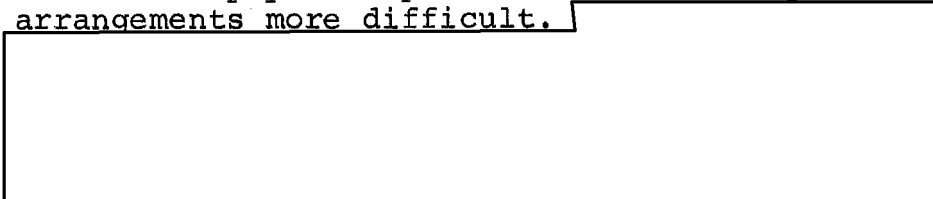
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PHILIPPINES: The suspension of foreign exchange trading raises doubts about Manila's sincerity in following through on its monetary reform program.

Since February the international value of the peso has been largely determined by free market forces. This has been in keeping with Manila's monetary stabilization program, set in motion chiefly at the insistence of the International Monetary Fund (IMF). The decision to suspend foreign exchange trading beginning on 5 October, taken apparently because of a drop in the peso's value during the past two weeks, is contrary to the spirit of the government's agreement with the IMF.

Primarily because of the monetary reform program, foreign creditors have been willing to cooperate in refinancing the country's huge short-term external debt. Current debt rescheduling plans are unlikely to be affected by the suspension, but doubts about Manila's seriousness in solving the balance of payments problem will make any future arrangements more difficult.



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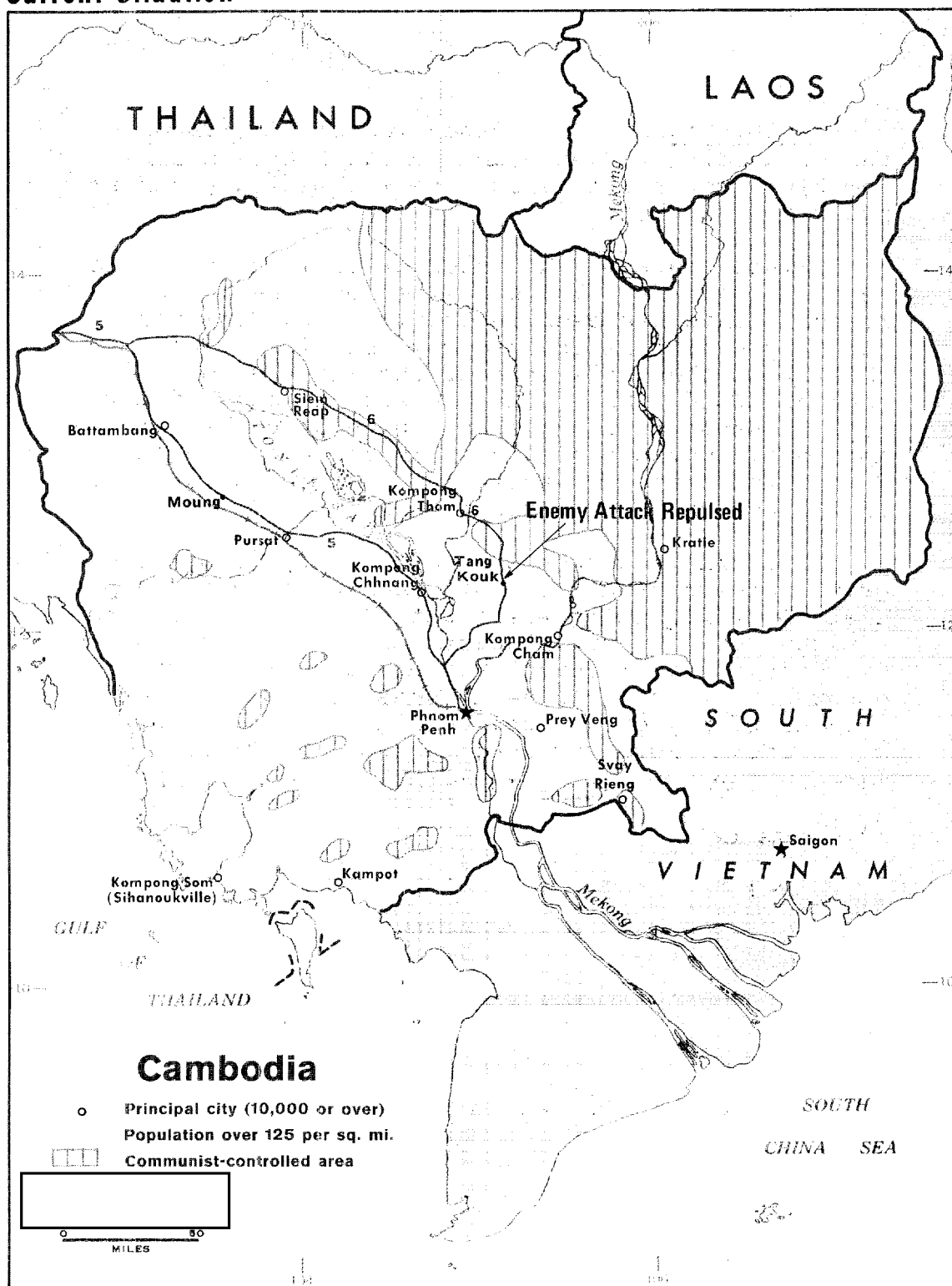
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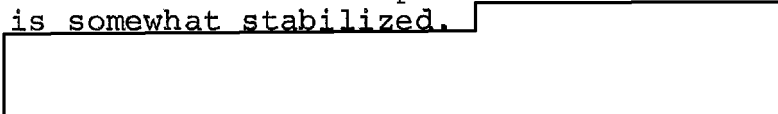
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EGYPT: Cairo's announcement of its willingness to accept a three-month extension of the cease-fire suggests that Egyptian leaders are seeking a breathing period in which to adjust to their new circumstances without Nasir. Foreign Minister Riad's statement indicated that the extension depends upon continued efforts to implement the UN Security Council resolution on the Middle East of 1967, and on the resumption of UN mediator Jarring's mission. Many Egyptians are not anxious to see a resumption of active hostilities with Israel. Moreover, an extension of the cease-fire would put off having to decide whether or not to resume Nasir's war of attrition until the political situation in Cairo is somewhat stabilized.



CAMBODIA: [Government troops have fought off a Communist attack against elements of the Route 6 task force positioned near Tang Kouk, inflicting substantial losses on the enemy. Several Cambodian positions near the task force were also attacked the same day.]

[In rice-rich Battambang Province, the Communists may be preparing for an assault against the town of Moung, which is on Route 5 and the Phnom Penh - Battambang rail line. The Communists have been increasingly active in the area for several weeks, and recently overran two villages within 15 miles of the town.]



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ROMANIA: The government, in announcing the automobile accident in which Premier Ion Gheorghe Maurer was injured on 5 October, reported that he was in a state of shock but that his condition was improving. Maurer's recovery may be slow, however, because he is 68 and his health has not been good for several years. There have been indications in the past that he was considering retirement for reasons of health; thus if he fails to resume his duties now, the leadership will probably not be unprepared. Maurer is President Ceausescu's most trusted and respected adviser and his loss would be a great personal blow. It would not result in basic policy changes, however. Unless Maurer's condition worsens significantly, the accident is not likely to alter Ceausescu's plans to attend the commemorative session of the UN next week in New York.

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